

ALCOHOLIC BEVERAGES CONTROL COMMISSION

SUMMARY

The Alcoholic Beverages Control Commission is responsible for the general supervision and conduct of the business of manufacturing, importing, exporting, storing, transporting and selling alcoholic beverages as defined in M.G.L. c.138 § 1. The ABCC is the sole agency in Massachusetts responsible for directly licensing or permitting specific participants in the alcoholic beverages industry in Massachusetts. All manufacturers of alcoholic beverages, wholesalers and importers, out-of-state suppliers of alcoholic beverages, brokers, salesman, warehouses and most every motor vehicle transporting alcoholic beverages in Massachusetts require direct licensing from the ABCC. Approximately 10,000 such licenses and permits are issued by the ABCC's licensing division each year.

The ABCC must also approve the issuance of every retail pouring or package store license application allowed by a city or town. There are approximately 10,000 annual, retail pouring or package store licenses in Massachusetts. There are approximately 2,000 seasonal retail pouring or package store licenses. The members of the ABCC's licensing division process the annual renewals of these 12,000 retail licenses.

The investigative unit assists with the issuance of all licenses to ensure compliance. No application is approved by the Commission until an investigator has completed due diligence on a license applicant. In addition, the investigative unit is responsible for maintaining compliance after a license has been issued. By conducting investigations into establishments at no notice to the owner, ABCC investigators report violations back to the Commission for appropriate adjudication. The Commissioners administer hearings, write decisions and impose penalties and fines.

INVESTIGATION

In July 2003, the Legislature moved the ABCC from the Office of Consumer & Business Affairs to the State Treasurer's office. A Transition Team comprised of Nan O'Neill (Murphy, Toomey, Hesse & Lehané), Sheriff Andrea Cabral (Suffolk County), Patrick Moscaritolo (Greater Boston Conventions & Visitors Bureau), Robert LaRochelle (Andover Strategic Alliances), George Mitchell (ACS), Alice Moore (Attorney General's Office) and William Hogan (Hogan, Roache & Malone) assessed the agency and made recommendations to the Treasurer and his staff. Those recommendations included change in leadership, reinstatement of investigative unit, re-organization of the entire agency, information technology upgrades and better business practices in licensing and cash transactions.

In September 2003, Treasurer Cahill appointed Eddie J. Jenkins Chairman of the Alcoholic Beverages Control Commission and re-hired 9 of the 11 Investigators who had been laid off in March of that same year.

The Investigation and Enforcement Division embarked on an extensive six-week re-training period conducted in-house by Chief Investigator Frederick Mahony and externally by the Suffolk County Sheriff's Department.

Upon completion of the training program and beginning on November 6th, the Investigation and Enforcement Division conducted comprehensive enforcement operations pursuant to the Division's official objectives.

From November 6th through December 31st of 2003, the Investigation and Enforcement Division conducted enforcement operations in over 100 communities, which resulted in the following:

- Investigated and closed 198 complaints filed with the Commission since September 15, 2003
- Investigated and closed 355 OUI notices reported to the Commission.
- Completed 2794 license application investigations filed with the Commission
- Initiated several on-going investigations into gaming and organized crime activity
- Re-instituted Operation Safe Holidays with unprecedented success: verified more than 500 IDs, stopped 117 minors in possession of alcoholic beverages, charged 27 adults with procuring alcohol for minors, charged 12 bars with serving an intoxicated patron, placed 30 individuals into protective custody

ALCOHOLIC BEVERAGES CONTROL COMMISSION

Certificates of Compliance 1755

Issued to suppliers outside of Massachusetts giving them authority to sell to wholesalers within Massachusetts.

Salesman Permits 4500*

Permits issued to wholesalers' employees permitting individuals to solicit orders for alcoholic beverages.

Express Permits 4000*

Permits issued to companies transporting alcoholic beverages into or within the state of Massachusetts.

Transportation Permits 3000*

Permits issued to companies and licensed salesmen transporting alcoholic beverages within the state of Massachusetts

Broker 89

Sales agent between Certificate of Compliance holder and Massachusetts wholesaler

Airline 450

License to sell alcoholic beverages on an aircraft

Farmer-Breweries 19

License issued to person who both grows hops and uses them to brew malt beverages

Farmer-Distilleries 1

License issued to person who both grows fruits, flowers, herbs, vegetables, hops or certain grains and uses them for the purpose of producing distilled spirits.

Farmer-Winery 27

License issued to person who grows fruits, flowers, herbs or vegetables and/or produces wines and sells to other wineries or wholesalers.

Railroad 87

License to sell alcoholic beverages to be consumed on railroad cars

Pub Breweries 13

License is issued to restaurants licensed to sell alcoholic beverages that also feature brewing malt beverages in the restaurant as an ancillary attraction.

Ships Chandlers 4

License to sell alcoholic beverages by ship chandlers (who sell supplies and provisions to ships) to be consumed on ships.

Storage 9

License is issued to wholesalers, etc. to store their alcoholic beverages in identified warehouses.

Public Warehouse 19

This license authorizes the holder to store alcoholic beverages for wholesalers or individuals lawfully in possession of alcoholic beverages.

Wholesaler, AB (All Alcoholic Beverages) 55

License to import and/or buy all types of alcoholic beverages for re-sale to other licensees, including retailers and other Massachusetts wholesalers.

Wholesaler, WM (Wine & Malt Beverages) 55

License to import and/or buy wine and malt beverages only for re-sale to other licensees, including retailers and other Massachusetts wholesalers.

AB Manufacturer 2

License is issued to authorize the holder to manufacture, rectify, blend, and package all types of alcoholic beverages.

WM Manufacturer 1

License is issued to authorize the holder to manufacture, rectify, blend, and package wine and malt beverages only.

Sell Alcohol 2

License to sell alcohol for medical purposes in Massachusetts to any hospital, educational, or scientific institution

Wholesalers, Sacramental Wine 2

License to sell sacramental wine only to any registered ordained priest, minister or rabbi or to any church or religious society.

Transportation for Airlines 1

License to transport alcohol in aircrafts, not for consumption

**Approximate figures*

LICENSING

The Licensing Department processes two types of licenses: 1. State licenses or permits (including Certificates of Compliance) issued directly by the ABCC only, and 2. every retail pouring or package store license granted by local licensing authorities. In total, this important department of the ABCC oversees the issuance of more than 22,000 licenses and permits each year.

Since September 2003, state permits are received on a view-direct program from Massachusetts' Information Technology Division (ITD) in Chelsea. Prior to 2003, license administrators were unable to view ITD's program and therefore lacked the ability to track license approvals and issuance. Since the transfer to the Treasury, the IT Department has upgraded many of the systems used by license administrators to 1. comply with internal control standards and 2. automate the licensing applications.

The ABCC re-instituted the use of a lockbox to ensure the security of cash transactions mailed to the agency from applicants and local licensing boards. Most payments to the ABCC are now mailed directly to the bank for deposit into the lockbox. A statement is then sent to the ABCC for reconciliation. This information is tracked on a weekly basis by the ABCC and sent to the Treasury department. Physical checks sent to the ABCC are deposited daily.

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FEE COLLECTION

In FY03 the ABCC produced a total of \$1,636,821 in revenue. As of December 31, 2003, that number grew to \$2,382,312 through increased fees for new applicants and license renewals. The ABCC also expects to collect over \$1 million in back taxes owed by delinquent licensees, in collaboration with the Department of Revenue.

STAFF ROSTER:

Eddie Jenkins, Chairman

Robert Cronin, Co-Commissioner

Suzanne Iannella, Co-Commissioner

Jamie Binienda	Deron Bobb
Paul Capurso	Jack Carey
Natacha Dunker	Errol Flynn
Caroline Guarino-Wilichowski	Arthur Hitchman
Lauren Hitchman	Timothy Hooten
Keith Keady	William Kelley
Mark Kenny	Patricia Krueger
Jan Kujawski	Marcella Lacy
Dorothy MacAdams	Frederick Mahony
Ellen Moriarty	Raymond Redfern
Theresa Strianese	Michael Teehan

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ABCC State Licenses Issued 2003

110	All Wholesalers
9	Storage
450	Airlines
89	Brokers
19	Farmer Breweries
27	Farmer Winery
13	Pub Brewers
87	Railroads Plus Cars
122	Ship Chandlers
19	Public Warehouses
9	Other